Procedures for HR/CMS Payroll Entries for Settlements and Judgments for Current and Former Employees

A settlement or judgment results from a formal claim (grievance, complaint or law suit) against the Department brought by a current or former employee which results in either a Settlement Agreement, or a court or administrative award (Judgment) document. Settlements and Judgments do NOT include retroactive salary adjustments, unpaid regular time, collective bargaining agreement increases or other routine corrections or adjustments of payroll errors.

If a department has legally available funds (as defined in 815 CMR 5.00) to pay the claim, without the threat of placing the account(s) in a deficiency, then the department should proceed with payment of the claim after confirming the correct payment instructions from the Office of the Comptroller Legal Unit. Departments are responsible for entering the claim in accordance with the CTR payment instructions to ensure proper processing and tax reporting.

If the Department does not have legally available funds, then the Settlement or Judgment and other required documentation is required to be submitted to the Office of the Comptroller Legal Unit for approval and put in line for payment from the CTR Settlement and Judgment account (as funds are available). A PCRS rule will be needed to move the charges to the CTR Settlement and Judgment account.

In either case, the department responsible for the claim will enter the payroll information into HRCMS, unless the employee claimant has terminated from the department and has been rehired by another state department who would then be responsible for entering the payroll claim. Departments are responsible for entering the claim in accordance with the CTR payment instructions to ensure proper processing and tax reporting.

The following checklist should assist in the correct posting of a claim.

- ❑ Confirm Claim: Obtain payment instructions from CTR Legal Unit on the appropriate Earning codes, Payee, address and other instructions.
- ❑ Obtain position for former employee and rehire. Departments should verify that former employee has not already been rehired by another state department. If rehired, the current department would enter the payroll information.
- ❑ Use or create an active HRCMS job record, validate Tax withholdings (including Medicare) and deductions.
- ❑ Post appropriate Earning code
- ❑ Modify Paper Check, Check Name, Mailing Address (Only for former employees who are getting a one-time payment with no other wages or payments.).
- ❑ Review HRCMS Paycheck Amounts and Tax Withholdings.
- ❑ (If applicable) Redistribute costs to CTR account via PCRS Labor Exceptions
- ❑ Validate HRCMS Paycheck after Pay Confirm
- ❑ Terminate the Employee for one-time payments to former employees.

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STEP 1: Confirm Claim

If department is paying claim, CTR Legal must approve payment instructions to ensure proper processing and tax withholding and reporting requirements. Fax claim and any supporting documentation to: Jenny Hedderman at 617-727-2163, or call 617-973-2656 or email Jenny.Hedderman@osc.state.ma.us. Once the payment instructions have been approved, the CTR Payroll can assist with posting payments.

If the Department is not paying the claim, then the Settlement or Judgment and other required documentation is required to be submitted to the Office of the Comptroller Legal Unit for approval and put in line for payment from the CTR Settlement and Judgment account (as funds are available). The department payroll unit will be contacted (when there are available funds) with payment instructions to enter the payroll claim. The CTR Payroll can assist with posting payments.

STEP 2: Use or create an active HRCMS job record

Use the available active Job Record to post payment.
HRCMS cannot create a separate payment under one job record.
Verify Medicare status. Some earnings codes will trigger the withholding of Medicare taxes. If the employee was exempt the last time the employee was paid, then this payment must also be exempt, and the Medicare flag must be removed (unchecked) to ensure Medicare is not taken. If the employee was subject to Medicare the last time paid, then this payment will be subject to Medicare. HR/CMS defaults to withholding Medicare.

(If needed) FOR FORMER EMPLOYEES WITHOUT ACTIVE EMPLOYEE RECORD - Obtain from HRD, or create a position for the former employee. If no active Job Record is available then follow the HRD steps: Retro Pay For Terminated Employees to create an active employee record, available at the HR/CMS Knowledge Center at http://www.state.ma.us/hrcms/ - Rehire Terminated EE (confirm Medicare Status is correct) - Terminate the Job Data upon completion of payment

STEP 3: Post appropriate Earning code(s)

Enter the appropriate code(s) based on CTR Instruction / CTR Settlements and Judgments Earnings Codes and Object Codes list.

*For instructional purposes we will refer to all payments as **claim amount**.

Steps to post in Weekly Elapsed Time:

1. Go to Weekly Elapsed Time
   (Go, Self Service, Manager, Tasks, Weekly Elapsed Time)
2. Ensure any Default Hour postings for accuracy (see HRD Job Aid)
3. Insert Row, enter claim amount (post to a day in the current period)
4. Save

If not Available in Weekly Elapsed Time:

1. Go to Additional Pay
   (Go, Compensate Employee, Maintain Payroll Data, Use, Additional Pay)
2. Insert row, enter claim amount (post with an Effective Date in the current period)
3. Check "OK to Pay"
4. Save

NOTE: During Accounts Payable Period,* ***Prior FY* *payments will use codes* <u>*specific*</u> *to Accounts Payable and entered in Additional Pay. AP Codes will be identified by OSC and will always post to the Prior FY Account.*

STEP 4: Modify Paper Check, Check Name, Mailing Address (For Former Employees/ One-time Payments)

Payment Instructions for payment to **former** employees may require a change to the Name or Mailing Address for a check. DO NOT make changes to Name, Mailing Address or Check for a **current** employee since this will impact ALL HRCMS payments for the period regardless of separate checks or Employee Record #. Therefore this option may be used only for <u>**one-time payments to former employees**</u>.

After verifying earnings,

Steps to Issue Paper Check, Change Name and Address:

1. Select the "Issue Paper Check" option on the employee's direct deposit panel. Save.
   (<u>Go, Compensate Employees, Maintain Payroll Data, Use, Direct Deposit</u>)

2. Enter the new "payee name" (as provided by the Office of the Comptroller) in the "Paycheck Name" field on the Payroll Data 2 panel (maximum of 36 characters). Save.
   (<u>Go, Compensate Employees, Maintain Payroll Data, Use, Payroll Data</u>)

3. Go to Administer Workforce/Administer Workforce/Use/ Personal Data, click on Mailing Address. Enter Address where Check is to be mailed (as provided by the Office of the Comptroller). Save.
   (<u>Go, Admin Workforce, Admin Workforce, Use, Personal Data, Mailing Address</u>)

STEP 5: Review HRCMS Paycheck amounts

After a Calc is completed review Paycheck Data for accuracy.
(Go, Compensate Employee, Maintain Payroll Data, Inquire, Paycheck Data)

STEP 6: Redistribute Costs via PCRS

If the Department is not paying for the claim, the amounts need to be charged to the Comptroller's Settlement and Judgment Account. The process is the same as applying for any Cross Departmental Rule.

Unless otherwise instructed by CTR, enter Rule #1 into <u>PCRS Rules Subsystem</u> and Submit <u>Cross Departmental Rule Form</u> to CTR for approval.

1. Go to PCRS Rules Subsystem
2. Enter valid Position Rule #1 (will require HRCMS Position #)
3. Submit Cross Departmental Rules Form

http://www.osc.state.ma.us/Payinfo/payroll/PCRS_cross_dept_rules_form.pdf

Once Rules are 'approved' by CTR Payroll, Departments will be able to modify Labor Exceptions to redistribute claim amount charges to the CTR account.

1. Go to PCRS Exceptions screen
2. Modify employee's claim amount posting to CTR account XXXX-XXXX
3. Save

NOTE: if your Department uses Non-Statutory Fields they must be deleted, as CTR does not, edits will read "(Field Name) invalid on Rules".

STEP 7: Review HRCMS Paycheck

After Confirm is completed review Paycheck Data for accuracy.
(Go, Compensate Employee, Maintain Payroll Data, Inquire, Paycheck Data)

The Department should determine whether or not the check should be directly Mailed through HR/CMS or sent to the Department so the Department mails the check.

STEP 8: Complete Payment and Terminate Record (Former Employees)

Upon completion and verification of Payment(s), Departments should document the payment as part of the Settlement/Judgment file.

For former employees, Departments must ensure data integrity for any future payments fshould the employee return to work for the Commonwealth. Any changes entered in **Step 4: Paper Check, Change Name and Address** should be removed. The former employee should then be terminated.

If you have any questions:

CTR Legal – Jenny Hedderman 617-973-2656
Jobaid/Payroll entry assistance – Sam Moy or Dennis Horgan, CTR Payroll Unit 617-727-5000
HRCMS - Commonhelp at 866-888-2808
PCRS - MMARS Helpline at 617-727-5995
Paycheck Distribution – TRE Mailroom